



VU Research Portal

A cross-national comparative analysis of regional labour markets

Evers, I.; Fischer, M.M.; Nijkamp, P.

1986

document version

Publisher's PDF, also known as Version of record

[Link to publication in VU Research Portal](#)

citation for published version (APA)

Evers, I., Fischer, M. M., & Nijkamp, P. (1986). *A cross-national comparative analysis of regional labour markets*. (Serie Research Memoranda; No. 1986-48). Faculty of Economics and Business Administration, Vrije Universiteit Amsterdam.

General rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal ?

Take down policy

If you believe that this document breaches copyright please contact us providing details, and we will remove access to the work immediately and investigate your claim.

E-mail address:

vuresearchportal.ub@vu.nl

ET

48

05348

1986

SERIE RESEARCH MEMORANDA

A CROSS-NATIONAL COMPARATIVE ANALYSIS

OF REGIONAL LABOUR MARKETS

Inger Evers

Manfred Fischer

Peter Nijkamp

Researchmemorandum 1986-48 December 1986



**VRIJE UNIVERSITEIT
FACULTEIT DER ECONOMISCHE WETENSCHAPPEN
A M S T E R D A M**

A CROSS-NATIONAL COMPARATIVE ANALYSIS
OF REGIONAL LABOUR MARKETS

Paper presented at the Regional Labour Market
Conference, Vienna, February 1986

Inge Evers
Manfred Fischer
Peter Nijkamp

1. Introduction

Almost all countries have been facing in the past years a phase of limited or even declining economic growth. This process has not only exerted a profound impact on the general level of well-being in these countries, but it has also led to drastic spatial changes, inter alia in local and regional labour and housing markets. In general, the effects of the world-wide economic shifts have hit employment even more than per capita income. Consequently, a closer investigation into the nature and functioning of labour markets in a national-regional perspective is warranted.

Although there is a substantial literature on labour market research, most of it ignores the spatial perspective. Only quite recently, increasing attention is being paid to the spatial dimensions of the labour market. The following factors may explain this interest:

- The structural economic and social changes in the past decade have exerted a profound impact on the demand and supply side of regional and urban labour markets, in both a quantitative and a qualitative sense.
- The socio-economic, professional and geographic mismatch, as well as the poor spatial coordination of labour demand and supply have become an important policy issue.
- The increased unemployment in many cities and regions reflects disequilibrium tendencies evolving inter alia into stratified labour markets including dual (and segmented) labour markets.
- The rise in discrepancies between different cities and regions with regard to their employment situation has evoked important equity issues and has also questioned the success and the direction of regional and urban policies.
- The current interest among policy makers in regional and urban innovation based policies evokes the question whether such new technological developments will be in the detriment of the employment situation in regions with an unfavourable innovation potential.

In light of the foregoing remarks, the present paper focuses attention on the structure, mechanism and evolution of regional labour markets in different countries, seen from the viewpoint of empirical evidence, analytical contributions and labour market policies. This paper is part of an international research project on regional labour markets, which addresses mainly three key issues:

- an analysis of analytical contributions (inter alia job search behaviour, migration, job competition, labour mobility and spatial mismatches, etc.).
- an identification of current trends on regional labour markets

(inter alia emergence of labour market segmentation, impacts of transaction costs and information on the functioning of spatial labour markets, impacts of labour market institutions, etc.).

→ a cross-national comparison of the operation of regional and urban labour markets in various industrialized countries, based on a systematic review of developments, problems and policies in different countries, with special attention for spatial labour market and manpower policies (instruments, e.g.), institutional arrangements, etc. The present paper will mainly deal with the latter issue. The countries included in the present review are selected on the basis of a set of four choice criteria; the aim is to have a representation of both small and large countries, of planned and free market economies, of countries with a favourable and an unfavourable employment situation, and of stagnating and growing economies. This has led to the selection of the following countries:

- | | |
|-----------------|-------------------|
| → Australia | → Sweden |
| → Canada | → France |
| → Hungary | → Italy |
| → Poland | → The Netherlands |
| → Great Britain | |

The regional labour markets of these countries will be compared in the present paper. However, it is foreseen that in the near future the following countries will be added to this sample:

- Germany
- Austria
- Greece
- Japan
- USA

Consequently, at the end of this project a fairly representative sample of countries will be covered.

This paper is organized as follows. In section 2 a brief discussion of various relevant issues in the cross-national regional labour market comparison will be given in order to provide a coherent frame of reference for the comparative analysis itself. Then in sections 3.1-3.7 the results of the cross-national comparison itself will be presented.

2. A Framework for a Cross-National Comparison of Regional Labour Markets

In the present section the various issues that have been used to categorize and qualify the regional labour markets in the successive countries will briefly be discussed. The following main issues will be treated:

- = basic data on the regional labour market situation (subsection 2.1).
- = a description of regional labour market conditions from 1970 onwards (subsection 2.2).
- = driving forces of regional labour market developments since 1970 (subsection 2.3).
- = impacts of regional labour market dynamics since 1970 (subsection 2.4).
- = problems in regional labour markets (subsection 2.5).
- = regional labour market policies (subsection 2.6).
- = analytical tools for regional labour markets (subsection 2.7).

2.1. Basic Data on the Regional Labour Market Situation

Two main problems exist for an adequate statistical description of regional labour markets, viz.:

- (a) the definition of the regional labour market
- (b) the definition of (un)employment

These problems will briefly be discussed here.

(a) regional labour market

The demarcation of a regional labour market is fraught with problems. In various countries, this demarcation is based on administrative-institutional principles instead of on functional-economic criteria. Consequently, in some countries information on regional labour markets is gathered on the basis of provinces or countries, whilst in other countries economic planning regions or closed commuting areas constitute the foundation for information gathering. Needless to mention that such divergent ways of data collection hamper an unambiguous comparison of labour markets in different countries.

(b) (un)employment

The definition of (un)employment is also varying among different countries. Sometimes only the number of full-time jobs is counted, while in other countries employment data also include persons with part-time jobs, self-employed persons, and persons on parental leave. In other countries employment is defined as the total labour force minus the officially registered unemployed persons. In conclusion, employment data in different countries are hard to compare, so that unambiguous comparative research in this field is illusory. The numerical data in such a cross-national comparative context are mainly indicative in nature, and reflect major trends and rank orders of different countries instead of cardinal representations of labour market situations in these countries.

Finally, it has to be added that data on vacancies in many countries are even more rare or unreliable, so that the use of such data in a project is even more unsatisfactory.

In order to reduce the computational burden of an extensive cross-national research project, data on employment and population were only gathered for the minimum, the maximum and the average level of the variable at hand. The same holds true for unemployment data since 1970. This also allows us to use a simple measure for the interregional distribution of the variable at hand, because then the min-max ratio r may be regarded as an indicator for regional inequality:

$$r = \frac{\text{regional minimum}}{\text{regional maximum}}$$

If $r = 1$, the variable at hand is entirely equally distributed over all regions; if $r \rightarrow 0$, a maximum inequality does exist. In this way, also interregional inequalities among different countries can be compared.

2.2 A Description of Regional Labour Market Conditions from 1970 Onwards

Since the beginning of the 70's various drastic shifts have taken place in the labour market. After the period of rapid economic growth, the economies of industrialized countries were hit by the oil crisis since 1973. Since the 1980's these countries were also suffering from the worldwide stagnation. The dynamics in the western world was clearly reflected on both national and regional labour markets. In the framework of our research project six different aspects of regional labour market conditions since 1970 have been taken into account.

(a) changes in industrial structure

In the past decades various long-term changes have taken place in the sectoral structure of western economies (especially a reduction of the primary sector, a further de-industrialization, an increase of the tertiary and quaternary sector), while also within main sectors drastic changes have taken place (such as the emergence of the high tech sector and the information technology). As these new activities require a specific locational profile, it is evident that the abovementioned developments have a clear regional dimension that is also reflected in the structure and evolution of regional labour markets.

(b) changes in skill requirements

The regional labour market dynamics since the seventies has also had significant repercussions for the qualitative composition of the demand for labour. In general, the educational requirements and the necessary levels of skill have risen. This upward filtering of the labour market has - from a socio-economic, professional and geographical viewpoint - led to various mismatches implying that at the same geographical labour market shortage and oversupply may exist. One of the consequences may be the emergence of internal labour markets in large companies.

(c) duality and segmentation

Originally a dual (and in a broader sense a segmented) labour market implies the existence of separate submarkets with totally different skills, wage levels and future perspectives. The lower segments will never be able to reach the position of the upper segments, whereas - in case of excess supply in upper segments - highly qualified employees may filter down to lower segments thus affecting the already weak position of employees in the lowest segments. Clearly, depending on the sectoral structure of certain regions and on the socio-demographic composition of the labour force, the corresponding labour markets show a more or less segmented labour market structure.

(d) regional labour force participation

In recent years many countries have exhibited a drastic change in labour force participation rates, though - surprisingly enough - not all countries appear to exhibit an increase. Furthermore, female labour force participation is increasing in many countries, while also the age composition is showing structural changes (a later entry to the labour market, and an earlier retirement). This trend has clearly also geographically different aspects in view of the regional differences in demographic and economic conditions.

(e) foreign workers on regional labour markets

Various countries have exhibited a large inflow of foreign workers in the sixties and seventies. Nowadays various countries appear to grind a halt to this development by encouraging repatriation. In most countries foreign (mainly guest) workers have a lower skill, so that they are employed in lower segments of the labour market. The presence and evolution of foreign labour force on regional markets is of course determined by the specific skill requirements of regional industries thus implying much variation in the locational pattern of foreign workers.

(f) the informal sector

The nature and size of the informal sector on the regional labour market is a source of much uncertainty, due to lack of an operational definition of the informal sector and consequently lack of reliable statistical material. In some countries the informal sector is regarded as a residual, comprising all activities outside the official market system. In other countries, this sector includes both the black (or grey) market and the household economy (sometimes also the communal economy). The relationship between the informal sector and regional employment is in general difficult to analyse due to lack of statistics.

2.3 Driving Forces of Regional Labour Market Developments since 1970

Various motives or backgrounds may be distinguished that act as causal driving forces for the dynamics on regional labour markets. The following main classes may be mentioned here.

(a) socio-demographic changes

These changes are inter alia related to high growth rates of the young labour force, to the increase in female participation rates, to the decrease in active earners due to earlier retirement, and changes in migration patterns.

(b) structural economic dynamics

Structural economic dynamics is reflected amongst others in a decline in the traditional industrial sectors, a redundancy of labour force in agriculture, a growth of the service sector, and imbalances in structural changes due to lack of capital.

(c) social changes

These changes are inter alia related to changes in social ideals, in interpersonal relationships in business, and changes in work-leisure attitude and/or life-style.

(d) changes in employment conditions

Such changes refer inter alia to the rise in the level of self employed, the decline of the size of the labour force, and the overall rise in unemployment.

(e) remaining factors

These factors are related inter alia to the world market situation, the influence of multinationals, the oil crisis, technological changes, location of new industries, etc.

2.4 Impacts of Regional Labour Market Dynamics since 1970

Regional labour market developments and the evolution of spatial systems are closely related phenomena. In this context, a wide variety of impacts of regional labour market changes (especially rising unemployment rates) can be identified, such as a population decline in large agglomerations, a growth of population in small urban settlements, a decrease of labour migration rates, an increase in commuting, a spatial mismatch of labour, a population redistribution from rural to urban areas, etc. Clearly, these impacts may differ among countries and among regions in the same country.

2.5 Problems in Regional Labour Markets

Regional labour markets exhibit a wide variety of malfunctions, frictions and problems. Examples are: regional differences in employment opportunities, low labour mobility, shortcomings in governmental policy, vulnerable labour markets caused by a structurally small size, marginalization of certain categories of the labour force, etc.

2.6 Regional Labour Market Policies

Regional labour market policy has since the seventies played an important role in light of the structural changes affecting the western economies. The conflicts between efficiency and equity became sometimes sharper, and the emphasis on these conflicting policy issues reflected also shifts in the past fifteen years.

Besides, various new policy measures have been introduced in order to enhance the growth potential of regions, such as new regulations, deregulations, subsidies, integrated regional planning efforts, innovation policy, manpower and educational policy, etc. Nevertheless, in various countries the degree of success of regional labour market policy is fairly poor. Consequently, a cross-national comparison of successes and failures of regional labour market policies is no doubt warranted.

2.7 Analytical Tools for Regional Labour Markets

Various analytical tools (regional labour market models, job search models, integrated multiregional models, spatially-oriented information systems, etc.) have been developed in order to study the structure and development of regional labour markets. However, not all of these tools have become successful, so that a cross-national comparison may shed more light on shortcomings and perspectives of the scientific toolbox.

3. Results of the Cross-National Comparison of Regional Labour Markets

In this section the results of the cross-comparative analysis of regional labour markets in the abovementioned nine countries will briefly be reported. More details can be found in the accompanying figures and tables.

3.1 Basic Data

A presentation of some basic data can be found in Figures 1-12.

Figure 1 indicates that indeed countries with different size categories have been included in the sample, ranging from Italy (with the highest population number) to Sweden (with the lowest population number).

Figure 2 represents the number of regional labour markets in the successive countries. The variation in the number of regional labour markets (ranging from 365 in France to 5 in Canada) illustrates the differences in definitions used. In Australia, Canada, Great Britain, Sweden and France, the regional demarcation is based on spatial economic criteria, while in the remaining countries (Hungary, Poland, the Netherlands and Italy) administrative subdivisions are used.

Figure 3 provides the (minimum, average and maximum) regional population distribution in the countries concerned. Also in this case much variation can be observed ranging from fairly large regional labour markets (in Great Britain, Canada and Italy) to small labour markets (in Australia and France).

In Figure 4 one finds the size categories of regional employment in the successive countries. This pattern runs almost parallel to that of Figure 3.

Figure 5 brings together the average population and employment figures per regional labour market in each of the countries studied.

On the basis of the information contained in Figure 5 one may draw Figure 6, which provides the average regional participation rate in each country (measured as the ratio of employment and population).

Figures 7-19 provide information on the percentage unemployment in regional labour markets in four successive time intervals in the period 19780-1984. Clearly there is also a definitional problem here. In general, it would be desirable to define the unemployment rate as the ratio of the officially registered unemployed and the labour force. However, the definition of the labour force and of officially registered unemployed varies among the different countries (due to the treatment of married women, males aged 60 and over, school leavers, self-employed, etc.).

Figure 7 indicates relatively high regional unemployment figures in

the period 1970-1973 in Canada and Italy, and much lower unemployment levels in the remaining countries. It is surprising to observe that the regional dispersion of unemployment in Italy is much higher than in Canada. Hungary and Poland do not report on unemployment in the period 1970-1984, while data for France were missing during the period 1970-1973.

Figure 8 shows some figures on the (minimum, average and maximum) unemployment rates in the period 1975-1977. There appears to be a general rise in unemployment, while Italy is overtaken by the Netherlands in terms of unemployment rates.

The picture in Figure 9 reinforces the conclusions from Figure 8. Furthermore, Great Britain has in the period 1980-1982 achieved the highest rise in unemployment figures, followed by Italy and the Netherlands. The non-European countries Australia and Canada have performed relatively better in this period.

Finally, Figure 10 demonstrates that the Netherlands has become the winner in terms of regional unemployment rates in the period 1983-1984. The remaining countries have kept each other by and large in balance, except for Sweden which has by far the lowest unemployment figures.

Figures 11 a-b represent the average percentage unemployment rates in regional labour markets per country in five selected years in the period 1970-1984. These figures were selected by the country coordinators on the basis of data availability. These figures once more confirm the rise in average regional unemployment, with Sweden as a fairly stable regional economy.

Figures 12 a-b represent the min-max ratios of unemployment in regional labour markets per country in the five selected years. In various countries the interregional equality has increased over the past fifteen years (inter alia Australia, Great Britain, France, Italy and the Netherlands). Sweden exhibits surprisingly enough a declining pattern of interregional equality. It is also worth noting that various diagrams show a U-shaped curve, which suggests that after a first period of reorientation of regional labour markets leading to more interregional discrepancies a new trend toward a balanced equality is emerging.

3.2 Regional Labour Market Conditions

The various items mentioned in subsection 2.2 will now briefly be commented upon, given the results of the cross-national comparison.

(a) changes in industrial structure

The results from the cross-comparative research are included in Table 1. Various countries (inter alia Australia, Canada, Sweden, Italy and

the Netherlands) appear to have suffered from a decrease of employment in the primary sector. All countries (except Poland) have a decrease in industrial employment, while most countries also have an increase in the number of jobs in the tertiary sector. Another remarkable point is that the regions in most countries exhibit a specialization in the high-tech sector.

(b) changes in skill requirements

In almost all regions the required education has risen, while also the level of education of the labour force has increased. There are however still large regional differences in economic development and growth rates. Large metropolitan areas appear to attract scientific personnel in new growth sectors (engineering, informatics, microelectronics).

* (c) duality and segmentation

Various types of segmented regional labour markets appear to have arisen in the successive countries. The major trends are the following:

- * in various regions men and women are employed in different occupations, for instance, more men in manufacturing, and more women in office and service work. This development takes place inter alia in Australia, Sweden, Great Britain, Canada, the Netherlands and France.
- * another source of segmentation is nation of origin. Usually the share of migrant workers in manufacturing and service work is higher than the national average. Examples can be found in Sweden, the Netherlands, France and Great Britain.
- * in some countries there is also a geographical labour market segmentation, for instance, an East-West segmentation in Canada (with high unemployment rates and low average income levels in the Atlantic regions).
- * there may also be a segmented labour market for professional workers and for unskilled workers (e.g., in the tourism and leisure sector in Great Britain).

(d) regional labour force participation

The results on regional labour force participation can be found in Table 2. Table 2 leads to the conclusion that there has been increase in regional labour force participation in Canada, France and the Netherlands, whereas a decrease has taken place in Hungary and Poland. Most countries also face a situation of a decrease in regional labour force participation of young people (due to a late entry to the labour market as a result of a longer education), a decrease in labour force participation of elder people (because of earlier retirement), a large

increase of female participation rates (or, alternatively, a large decrease in male labour force participation rates).

(e) foreign workers on regional labour markets

The position of foreign workers varies largely among the regional labour markets, as can easily be seen from Table 3. Most countries appear to have a certain number of foreign workers but their share differs greatly. Furthermore, it is clear from Table 3 that the majority of foreign workers is concentrated in the big agglomerations. As far as skill requirements are concerned, it turns out that guest workers are mainly employed in jobs with low skill requirements. Finally, in most countries, the unemployment rates among guest workers are higher than the average regional rates.

(f) the informal sector

All countries indicate that little is known about the size of the informal sector, particularly at a regional level. In some countries it is estimated that the black market (a submarket of the informal sector) amounts to 2-4 percent of the national activity rate (e.g. Sweden, the Netherlands). Proofs for positive correlation between the size of the black market and emerging unemployment rates appear to be hard to provide.

3.3 Driving Forces of Regional Labour Market Developments since 1970

The results of this part can be found in Table 4. It turns out that in most countries socio-demographic changes have exerted a significant impact on the functioning of regional labour markets. Furthermore, structural economic dynamics (especially the drastic shifts in the primary and the secondary sector) have had many implications for the position of employees on regional labour markets.

3.4 Impacts of Regional Labour Market Dynamics since 1970

The empirical results on the impacts exerted by labour market dynamics in the successive countries show some variety, although also some common trends can be observed. Developments taking place in the majority of countries are: a slowing down (or a negative growth) of population in conurbations, a decrease in labour migration rates, an increase in commuting, and a process of population redistribution from rural to urban areas.

3.5 Problems in Regional Labour Markets

Clearly, the structural changes in the past 15 years have triggered

off a wide variety of problems for an adequate functioning of regional labour markets. The most significant problems in this framework appear to be: the persistent existence of regional differences in employment opportunities, the relatively low labour mobility, the failures and shortcomings (i.e. lack of effectiveness) in regional labour market policy, and the vulnerability of regional labour markets due to its small size and spatial segmentation.

3.6 Regional Labour Market Policies

Most regional labour market policies appear to be based on a blend of efficiency and equity considerations. It is interesting to observe that in various countries (e.g. Hungary, Sweden, Great Britain, the Netherlands), the beginning of the seventies was marked by an interest in efficiency strategies, followed by a strong emphasis on equity aspects from the mid-seventies onwards, while since the beginning of the eighties again efficiency goals have come to the fore. This wave-like pattern is of course closely related to the changes in economic structure.

The use of policy instruments showed also much variation among the successive countries (see Table 7). A good example of a direct labour demand measure is formed by slowing down strategies of the government; examples of indirect labour demand strategies pursued in various countries are financial incentives to companies and innovation policies. Besides, various labour supply policies have been pursued in many countries, such as programmes for stimulating both geographical and professional mobility, and housing building programmes.

Finally, Table 8 gives a concise overview of the degree of success of regional labour market policies in the countries considered. The general conclusion is that the successfulness of these policies is rather modest.

3.7 Analytical Tools for Regional Labour Markets

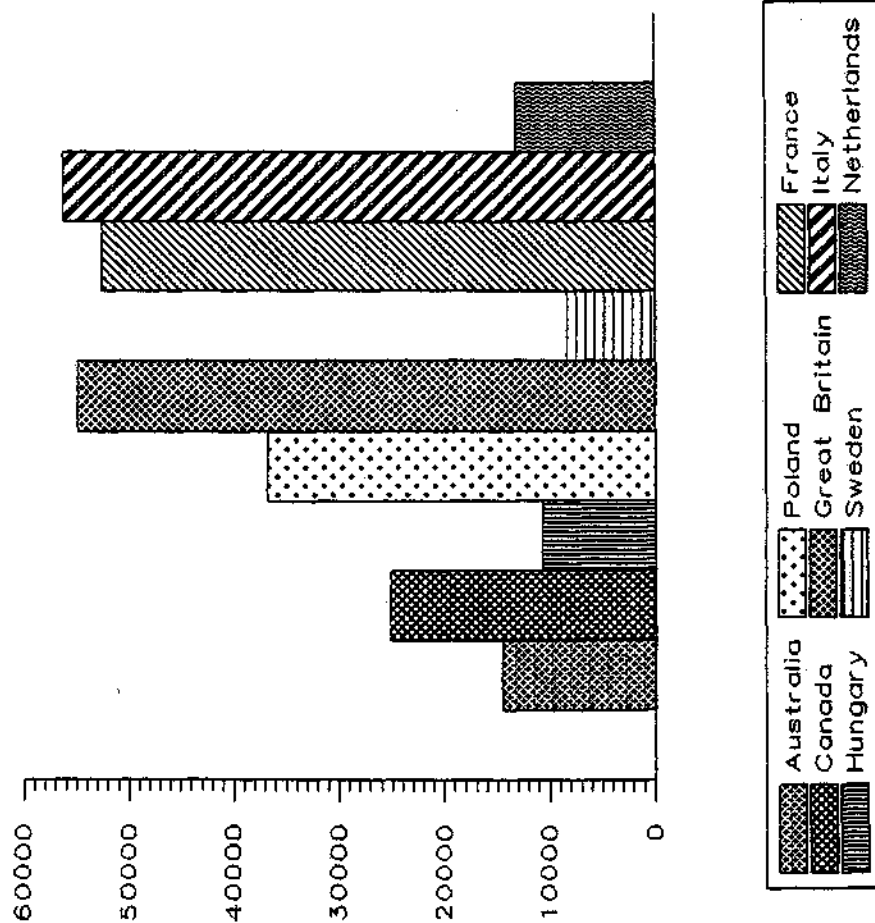
Regional labour market analysis has become an important scientific activity in most countries. There is however a very large variety of analytical tools that have been used in the successive countries. In a very concise form, some major research directions will be reported here:

- Australia: regional disaggregation of macro models; regional input-output models; regional labour market and location models.
- Canada: econometric macro-economic models, disaggregated into regions and sectors.
- Hungary: population forecasting and migration models
- Poland: demographic accounting models

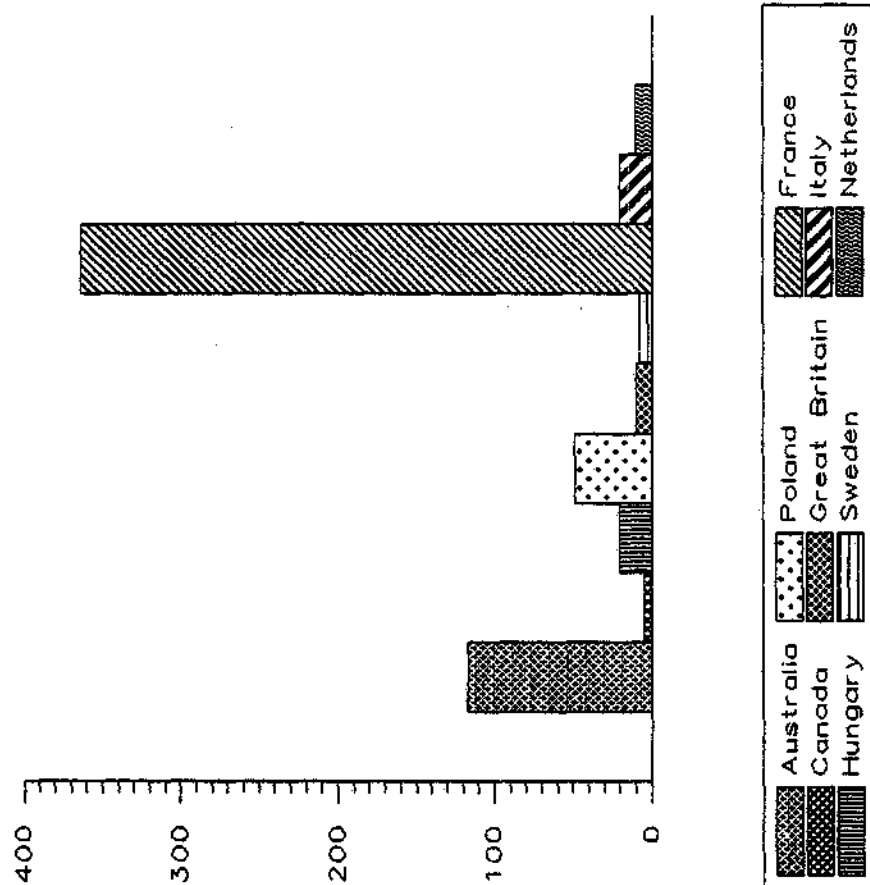
- * Great Britain: regional labour market models
- * Sweden: multiregional planning models
- * Italy: regional and urban labour market models
- * France: regional labour market models
- * the Netherlands: regional input-output and econometric models

In conclusion, there is a diversity of analytical tools in regional labour market analysis.

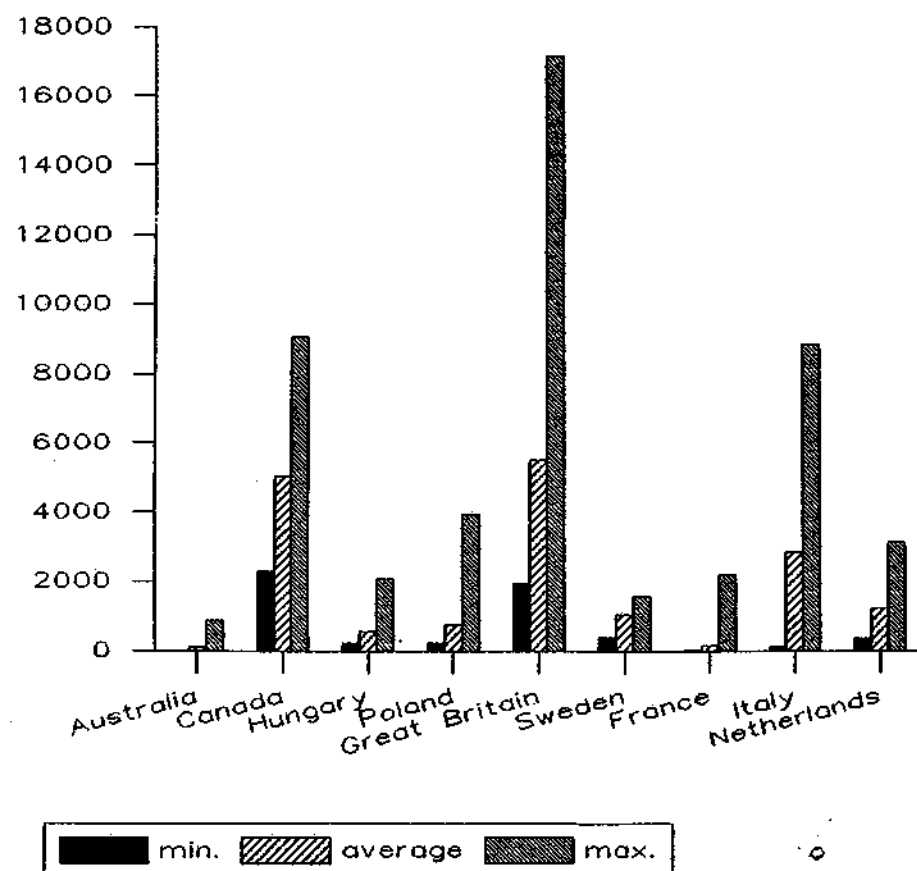
1 Total population (x 1000) in 1984



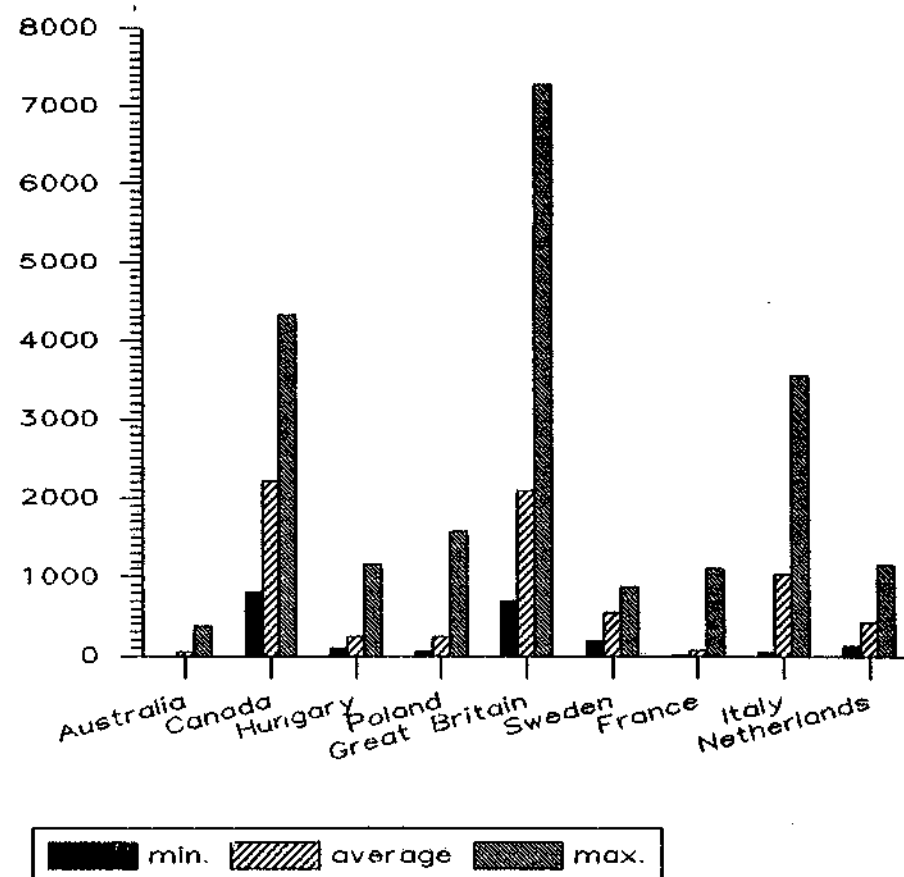
2 Number of regional labour markets



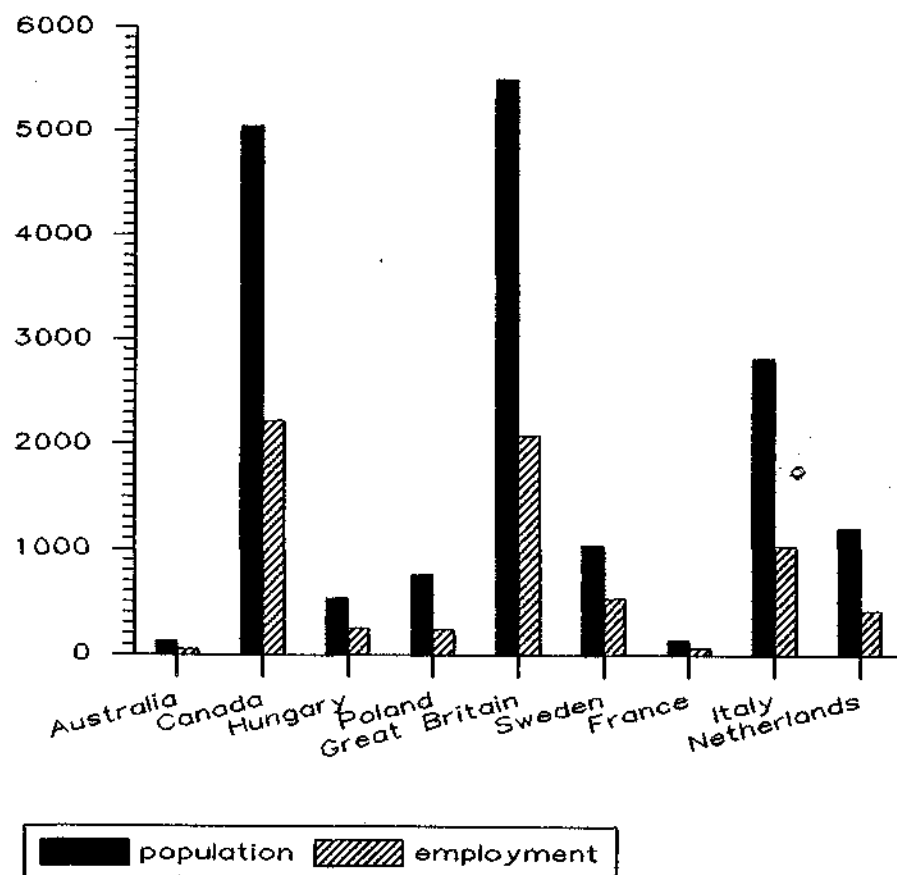
3 Population per region (x 1000) in 1984



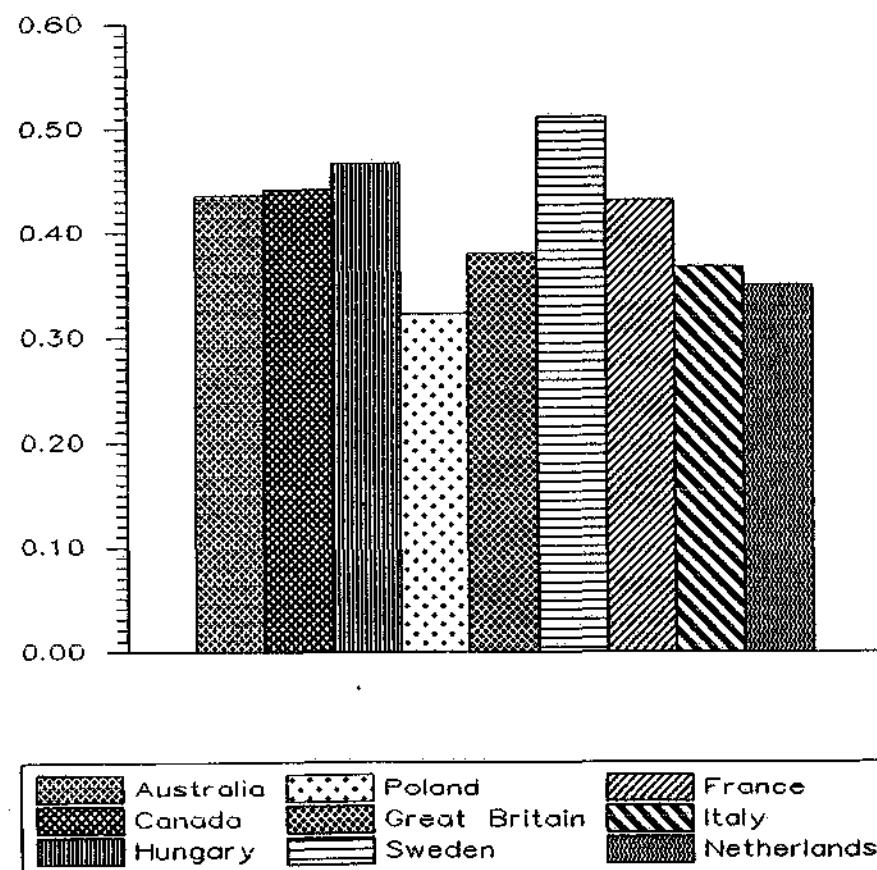
4 Employment per region (x 1000) in 1984



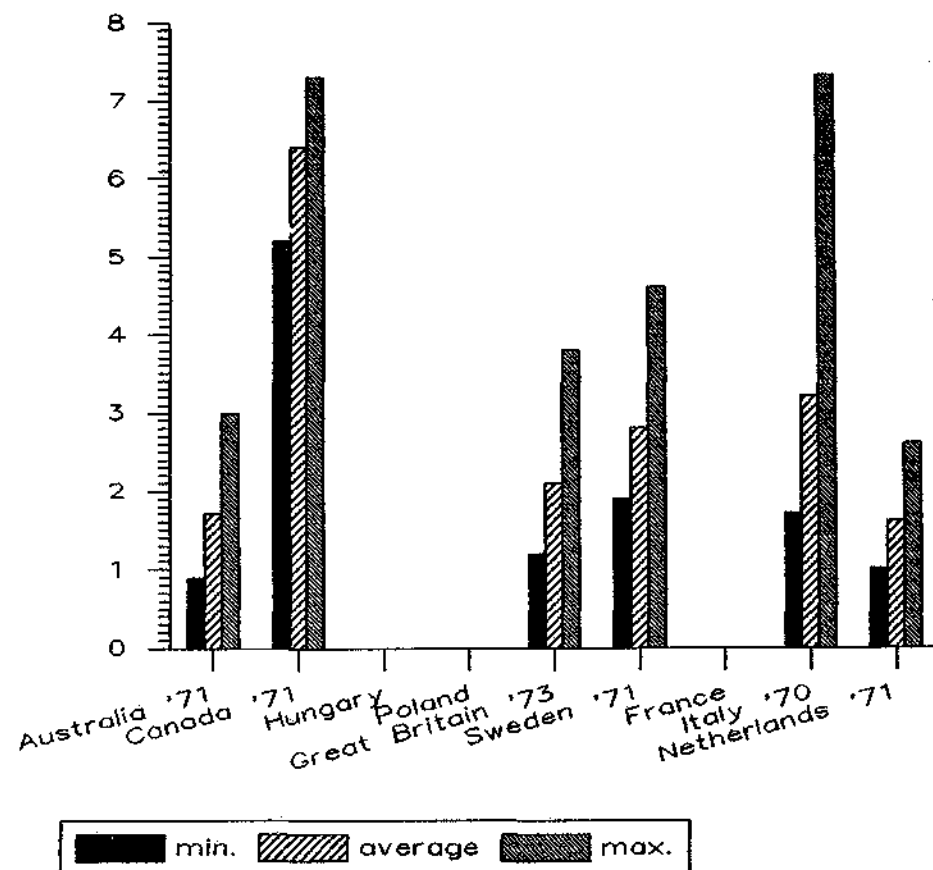
5 Average population and employment per regional labour market ($\times 1000$) in 1984



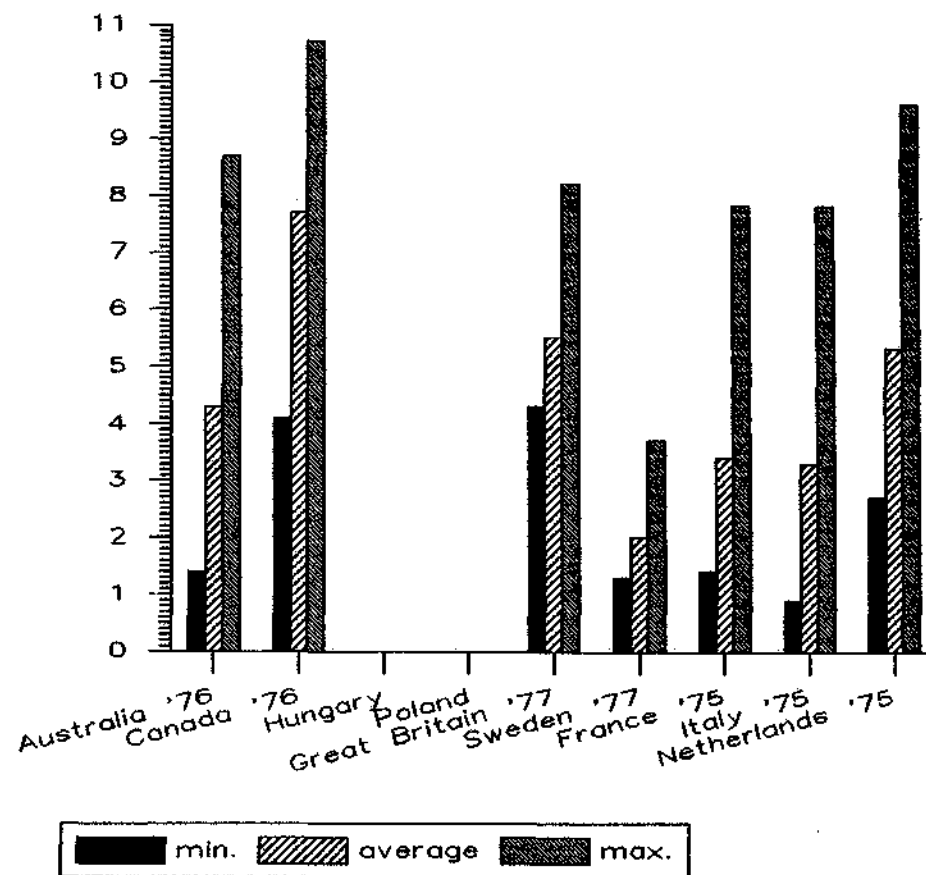
6 The ratio of employment and population



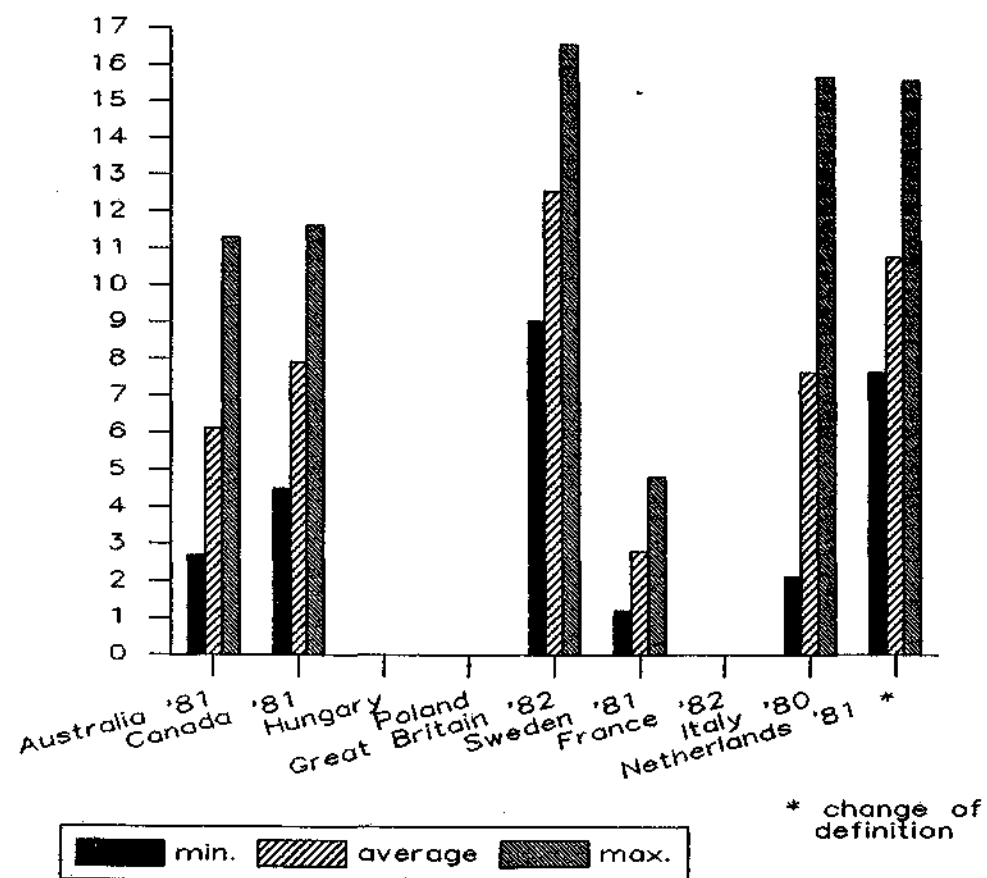
7. Percentage unemployment in regional labour markets 1970-1973



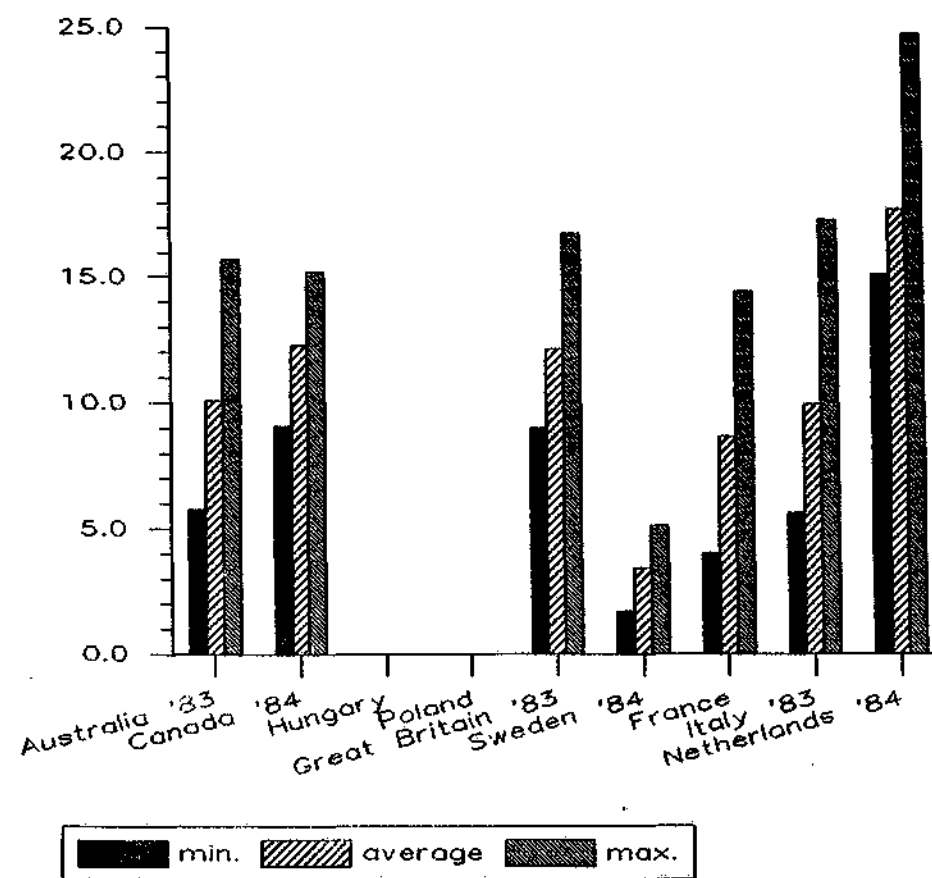
8. Percentage unemployment in regional labour markets 1975-1977



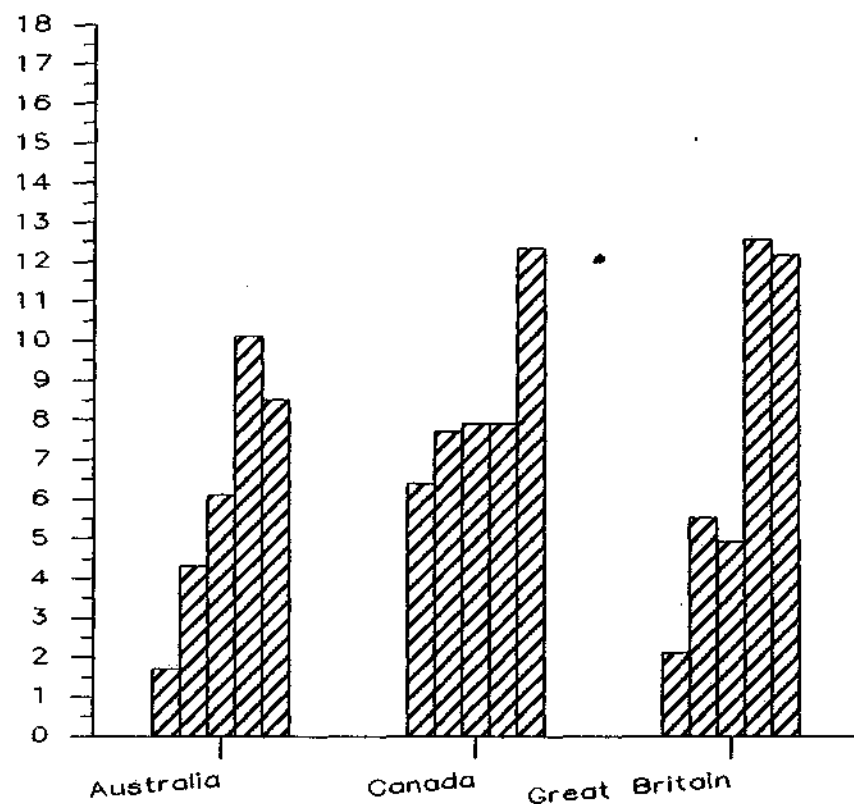
9 Percentage unemployment in regional labour markets 1980-1982



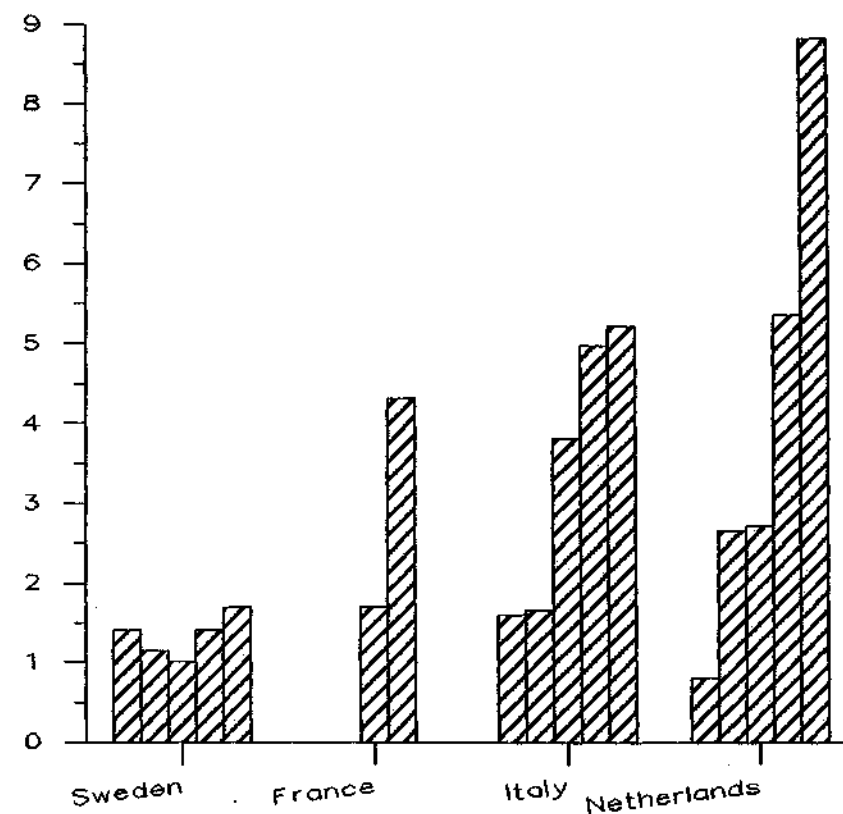
10 Percentage unemployment in regional labour markets 1983-1984



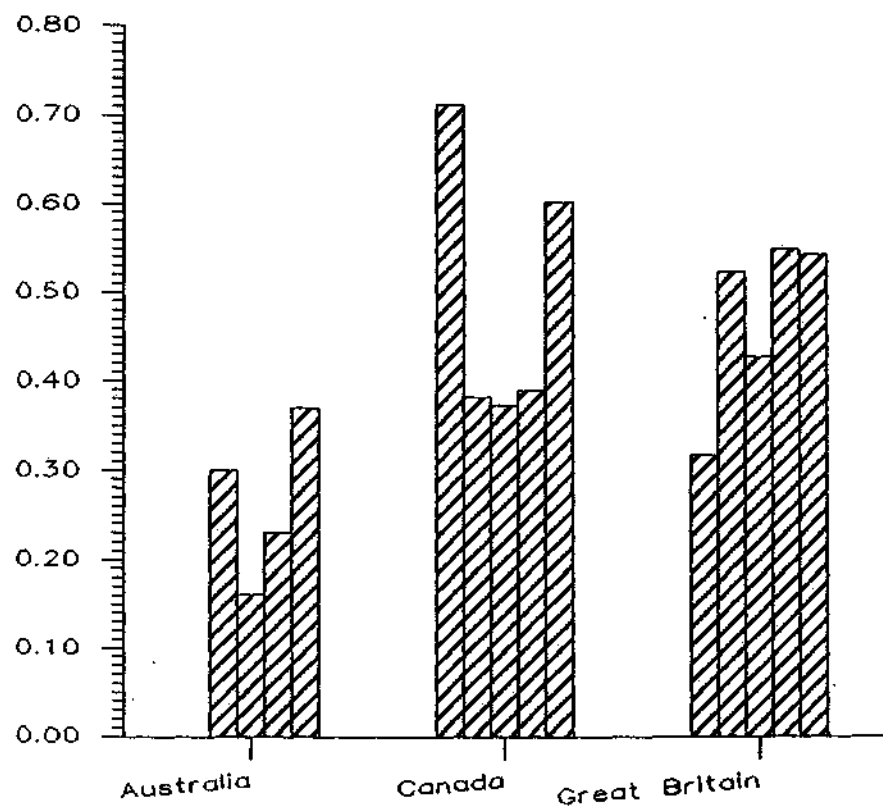
11a Average percentage unemployment
in regional labour markets per country
since 1970 (for five years)



11b Average percentage unemployment
in regional labour markets per country
since 1970 (for five years)



12a The ratio of minimum and maximum percentage unemployment in regional labour markets per country since 1970 (for five years)



12b The ratio of minimum and maximum percentage unemployment in regional labour markets per country since 1970 (for five years)

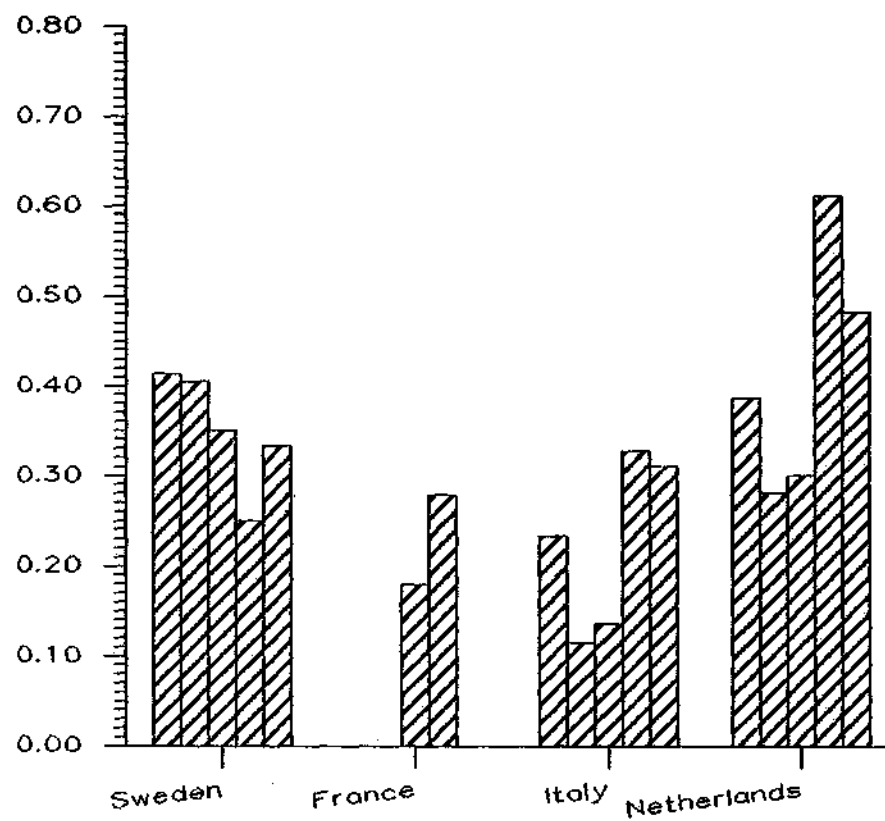


Table 1. Nature of Changes in the Industrial Structure

Changes	Australia	Canada	Hungary	Poland	Great Britain	Sweden	France	Italy	The Netherlands
Decrease of employment in primary sector	agriculture, increase in mining	natural resource				agriculture and forestry ⁴		agriculture in North-East	X
Decline in industrial employment	X ¹	especially Atlantic region	X	only recently	North-, North-West & West-Midlands ³	X ⁴	X	Southern & North-Western regions ⁵	X
Decline in construction employment	X			only recently					X
Growth in jobs in service sector (in big cities)	X ²			only recently	especially on London-Bristol axis		X	North-Western regions	X
Increased growth of the secondary sector		especially Quebec and Ontario							
Regional specialization in high-tech sector		Ontario region	Budapest region	in largest urban labour markets		in Stockholm region	X	North-Eastern regions	
Relative decentralization of manufacturing toward non-metropolitan regions	X		in first half of the 70s				X		
Resilience against economic stagnation of recently industrialized regions							X		
No relative change in the unfavourable position of the regions in the periphery									X
Modernization of the existing industrial base due to shortage of labour			X						

Table 2. Nature of Changes in Regional Labour Force Participation (LFP)

	Australia	Canada	Hungary	Poland	Great-Britain	Sweden	France	Italy	The Netherlands
+ An increase in LFP		X					X		X
+ A decrease in LFP			X	X					
+ A decrease in LFP of young people due to longer education	X		X	X	X		X		X
+ A decrease in LFP of elder people, because of earlier retirement	X		X	X	X	X	X		X
+ A large increase of female LFP rates	X	X	X	X	X	X	X		X
+ A decline of male LFP rates	X			X	X	X			X

Table 3. The Position of Foreign Workers (or Guest Workers) on the Regional Labour Markets

	Australia	Canada	Hungary	Poland	Great-Britain	Sweden	France	Italy	The Netherlands
- The number of foreign workers		minimal	only 0.2% of the labour force	foreign workers are not part of the labour market scene	not many	5% of the labour force	6.8% of total population		4% of the labour force
- The number of immigrants	15% of total population	a vital role but no number is given			no number given				
- Country of origin	United Kingdom Europe				India, Pakistan, Bangladesh, West-Indies		Portugal, Algeria		34% from Europe 22% from Turkey 15% from Morocco 30% from miscellaneous countries
- In general immigrants and/or guest workers are concentrated in the big cities	X	X (but also in many agricultural areas)			X	X	X		X
- Guest workers are mainly employed in jobs with low skill requirements					X		X		X
- The majority of guest workers work in branches marked by a great shortage of skilled workers			X						
- In general unemployment among guest workers is higher than the average rate					X (except the Asians who have relatively good educational attainments)		X		X
- Immigrants contributed to the smoother functioning of regional labour markets		X				X			
- Regions with high proportions of overseas born persons are also the regions with higher proportions of their populations with tertiary education qualifications and other qualifications	X								

Table 4. Driving Forces of Regional Labour Market Developments since 1970

	Australia	Canada	Hungary	Poland	Great Britain	Sweden	France	Italy		The Netherlands
								North	Central	South
<u>Socio-Demographic Changes</u>										
high growth young labour force		X			X					X
increase female participation rate		X				X				X
decrease of active earners			X	X						
change in migration patterns			X						X	
<u>Structural Economic Dynamics</u>										
decline in trad. industrial sectors	X				X	X	X	X		X
redundancy in agricultural labour			X			X	X		X	
growth in service sector						X	X			
imbalance in structural change due to lack of capital				X						
productivity increase in manufacturing								X		
<u>Social Changes</u>										
change in social ideals										X
change in interpersonal relationships in business							X			
revolutions in work-leisure preference and life-style	X									
<u>Changes Employment Conditions</u>										
high increase of self-employed									X	
declining size of labour force				X						
overall rise in unemployment										X
<u>Remaining Factors</u>										
world market situation	X									
influence of multinationals		X								
the oil crisis		X								
technological changes		X								
location of new industries					X					
increase of intermediate employment in agriculture				X						

Table 5. Significant Impacts of Regional Labour Market Dynamics since 1970

[illegible]

Table 6. Problems in Regional Labour Markets

[illegible]

Table 7. Policy Measures undertaken for Regional Labour Markets

	Australia	Canada	Hungary	Poland	Great-Britain	Sweden	France	Italy	The Netherlands
<u>Direct Labour Demand Measures</u>									
* The relocation or establishment of government activities or of state-owned companies				X		X			X
* Investment allowances			X		X				X
* Provision of work by regionally differentiated employment programmes									X
* Slowing down measures			X	X	X				X
<u>Indirect Labour Demand Measures</u>									
* Investments in economic infrastructure			X				X		X
* Financial incentives to companies		X	X			X	X		
* Subsidies on investments					X				X
* Subsidies on labour					X	X			X
* Subsidies on moving expenses			X			X			X
* Subsidies on energy use									X
* General financial support to companies	X		X		X	X		X	X
* Tax facilities		X			X				X
* Innovation policies		X					X	X	X
* Protectionist measures		X							
<u>Indirect Labour Supply Measures</u>									
* Mobility stimulating measures for employees									
. Geographical	X				X			X	X
. Professional (retraining)	X	X		X	X	X	X	X	X
* Investments in social infrastructure			X				X		X
* Housing building programmes	X		X	X			X		

Table 8. Successfulness of Regional Labour Market Policy

- Australia At the time of writing, Australia has undertaken a major review of all labour market programs. A key direction of new policy to emerge from this review is an emphasis on training.
- Canada No specific regional supply market policies but most policies have a regional component. Three national training policies since 1970. Due to underlying philosophies, such policies fail to recognize labour market supply problems, both on the regional and national level. The labour market supply policies are also seen as short term (temporary bottlenecks) and they often do not recognize Canada's large degree of foreign ownership.
The regional market demand policies, mostly aimed at industries have not been very successful, in part because they are not integrated with labour supply policies, but also because they fail to incorporate existing realities, foreign ownership, lack of labour mobility, high degree of capital mobility. Most importantly however they should fully recognize the depth of the structural economic changes, Canada's immigration policy has always been part of its labour market policy but this is rarely stated. As long as needed skills could be 'imported' there was no perceived need to formulate long term skill training and retraining programmes. Thus there is a lack of expertise in this area.
- Hungary The decentralization policy of the seventies resulted in a decrease of regional differences concerning the level and sectoral structure of employment, but the growth of employment potentialities in the country centres has partly induced a great migration process to towns and partly increased the number of daily commuters. The rural population has rapidly decreased in the economically backward regions and living conditions have been gradually worsening. In 1980's measures were taken to boost rural development and to improve living conditions, since 1980 the commuting and migration from the villages have already lessened. No success has been achieved in the process of eliminating differences in intellectual life. Also the economic regulators which were introduced hasn't sufficiently stimulated the companies for efficient utilization of the labour force. This is why an important shortage of labour force has occurred in a number of regions of the country.
- Poland The deglomeration policies were generally effective in the sense that employment growth in large cities declined in response to policy measures. However they caused a number of undesirable side-effects. The agglomeration policies of the 70's have to a certain extent achieved their spatial development goals, but have failed on efficiency and other economic criteria. The system of economic reforms of the 80's requires a longer time span, before their results are subject to testing.
- Great-Britain In terms of equalizing and reducing regional rates of unemployment regional labour market policies have failed, but what would have happened without such policies? In this respect there is evidence that some 'mobile' jobs have been directed into the disadvantaged regions but at the cost of the West-Midlands region which changed from a healthy region to a disadvantaged one over a period of just ten years. Sectoral policies in focusing on declining sectors have brought temporary relief to problems of unemployment, but what would be the effect in the long run? The general demand deficiency makes it impossible to assess the efficacy of the various training and re-training programmes but there is evidence that until recently these have not been very successful. Only the efforts of the Scottish Development Agency can be said to have been really effective.
- Sweden Modern regional policy in Sweden was initiated in the middle of the sixties as a response to declining population and employment in the Northern part of Sweden (Norrland). The population decline in Norrland was halted during the seventies and total employment has increased more than in the rest of Sweden and manufacturing employment has decreased less than in the rest of Sweden. This is at least to some extent a result of regional policy. The rate of unemployment is however still much higher than in the rest of Sweden. Some difficulties in recruiting qualified personnel to the development areas could have moderated growth to some extent. The government grant for equalization of local taxes is very important for local government in the development areas.
- France In France one cannot affirm whether the local labour market policies have been more successful than the other major employment policies of which they are only a small part anyway. A lot of organizational problems.
- The Netherlands A distinction has to be made between the incentives. Various studies have shown that only had a very slight or no effect mainly because of the policy instruments were insufficient to counterbalance the negative (perceptions) of the various aspects of the locational profile. In general the directives have been found to be far more effective than the incentives.